

**RENAISSANCE ZONE AUTHORITY  
MEETING MINUTES  
October 13, 2010**

The Bismarck Renaissance Zone Authority met on October 13, 2010 in the 2<sup>nd</sup> Floor Conference Room in the City-County Office Building at 221 North 5<sup>th</sup> Street.

Authority members present were Dave Blackstead, Chuck Huber, Brenda Smith, and Curt Walth.

Technical Advisors Bruce Whittey and Jeff Ubl were present.

Staff members present were Jason Tomanek, Kimberley Gaffrey, Carl Hokenstad, Kim Lee and Brenda Johnson.

Guests present were Loran Galpin (613 Development Corporation), Jim Christianson – PO Box 1097, Jon Holth (Toasted Frog West, LLC), Chris Bjorke (Bismarck Tribune), Arliss Brend & Ora Robinson-Brend (A.L. Brend, D.D.S.), Josh and Randy Horner (Magi-Touch Carpet & Furniture) and Dawn Kopp & Kate Herzog (Downtowners).

**CALL TO ORDER**

Chairman Blackstead called the meeting to order at 3:00 p.m.

**MINUTES**

The minutes of the June 9, 2010 meeting were distributed with the agenda packet.

**MOTION:** A motion was made by Mr. Walth and seconded by Mr. Huber to approve the minutes of the June 9, 2010 meeting as received. The motion passed unanimously with members Blackstead, Huber, Smith, and Walth voting in favor.

**COMMISSIONER BRENDA SMITH INTRODUCTION**

Chairman Blackstead welcomed Commissioner Smith to her first Renaissance Zone Authority meeting since being elected in June 2010.

**RENAISSANCE ZONE PROJECT APPLICATIONS**

**A. 207 East Front Avenue – A.L. Brend, D.D.S. – Lease**

Mr. Tomanek gave an overview of the lease project by A.L. Brend, D.D.S. for the building at 207 East Front Avenue. Mr. Tomanek said the applicant is proposing to relocate to the Renaissance Zone and expand an established dental practice in the lower level of the building at 207 East Front Avenue. The owner of the building, Bertsch Properties, LLC, rehabilitated a portion of the building as a separate Renaissance Zone project in 2003. The building floor area is 9,982 square feet and the applicant's lease area would be approximately 2,468 square feet, with an estimated income tax benefit of \$55,000 over five years.

Mr. Tomanek then listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The lease will be for an expanding business currently located outside the Renaissance Zone. The dental office now occupies approximately 1,600 square feet and would be expanding to approximately 2,468 square feet. The applicant is proposing to conduct an entire finished build out of the space.
3. The applicant has indicated that \$300,000 would be expended to improve the 2,468 square feet of dental office space which calculates to \$121.56 per square foot.
4. The building has been rehabilitated as a separate Renaissance Zone project.
5. The project completion date is projected for April 2011.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 207 East Front Avenue by A.L. Brend, D.D.S as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy.

Arliss Brend said he had been located in the Medical Arts Building (810 Rosser East Avenue) since 1979 and was informed that he would have to relocate. Mr. Brend stated that he looked for an area downtown, because that is where he wants to be located.

**MOTION:** Based on the findings included in the staff report, a motion was made by Mr. Walth and seconded by Mr. Huber to recommend approval of the request for designation of the lease of space in the building at 207 East Front Avenue by A.L. Brend, D.D.S as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy. The motion passed unanimously with members Blackstead, Huber, Smith, and Walth voting in favor.

#### **B. 800 East Sweet Avenue – Magi-Touch Carpet & Furniture, Inc. – Lease**

Mr. Tomanek gave an overview of the lease project by Magi-Touch Carpet & Furniture, Inc. for the building at 800 East Sweet Avenue. Mr. Tomanek said the applicant is proposing to expand an existing retail flooring store at 800 East Sweet Avenue. The owner of the building, RC Properties, LLLP is in the process of rehabilitating and constructing an addition to the building as a separate Renaissance Zone project. The building floor area is 26,968 square feet and the applicant's lease area would be expanding by 11,845 square feet, with an estimated income tax benefit of \$106,000 over five years.

1. Mr. Tomanek then listed the following findings for the proposed Renaissance Zone Project:

2. The proposed use is consistent with the City's Renaissance Zone Development Plan.
3. The lease will be for an expanding business currently located within the Renaissance Zone. The retail flooring business currently occupies approximately 15,120 square feet and would be expanding to approximately 26,965 square feet. The provision in the legislation for Renaissance Zone Lease Projects states that a business may receive designation as a Renaissance Zone project in a building being rehabilitated as an approved Renaissance Zone Project by expanding in size or a continuation of a lease.
4. The building rehabilitation and addition is currently taking place as a separate Renaissance Zone project. The proposed investment in the building is \$2,145,500. The investment will exceed the \$10 per square foot requirement.
5. The project completion date is projected for April 2011.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 800 East Sweet Avenue by Magi-Touch Carpet & Furniture Inc. as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy.

**MOTION:** Based on the findings included in the staff report, a motion was made by Mr. Huber and seconded by Ms. Smith to recommend approval of the request for designation of the lease of space in the building at 800 East Sweet Avenue by Magi-Touch Carpet & Furniture Inc. as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy. The motion passed unanimously with members Blackstead, Huber, Smith, and Walth voting in favor.

### **C. 124 North 4<sup>th</sup> Street – Toasted Frog West, LLC – Lease**

Mr. Tomanek gave an overview of the lease project by Toasted Frog West, LLC for the building at 124 North 4<sup>th</sup> Street. Mr. Tomanek said the applicant is proposing to operate a restaurant and lounge on the first floor of the building at 124 North 4<sup>th</sup> Street. The owner of the building, TFRE, LLC is in the process of rehabilitating the building as a separate Renaissance Zone project. The building floor area is 13,964 square feet and the applicant's lease area would be 5,250 square feet, with an estimated income tax benefit of \$12,000-\$15,000 over five years.

Mr. Tomanek then listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The lease will be for a new business within the Renaissance Zone. The new restaurant and lounge business would lease approximately 5,250 square feet.
3. The building addition is currently taking place as a separate Renaissance Zone project. The proposed investment in the building is \$400,000.

4. Anticipated employment includes 4 full-time staff and 25 part-time staff for approximately 18 full-time equivalent positions.
5. The project completion date is projected for November 2010April 2011.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 124 North 4<sup>th</sup> Street by Toasted Frog West, LLC as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy.

**MOTION:** Based on the findings included in the staff report, a motion was made by Mr. Walth and seconded by Ms. Smith to recommend approval of the request for designation of the lease of space in the building at 124 North 4<sup>th</sup> Street by Toasted Frog West, LLC as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy. The motion passed unanimously with members Blackstead, Huber, Smith, and Walth voting in favor.

#### **D. 401 North 4<sup>th</sup> Street – 613 Development Corporation – New Construction**

Mr. Tomanek gave an overview of the new construction project by 613 Development Corporation for the building at 401 North 4<sup>th</sup> Street. Mr. Tomanek said the applicant is proposing to demolish the existing building and construct a new 3-story office building on the property. The total project investment is approximately \$3,200,000. The estimated property tax benefit over five years is estimated at \$150,000 and the estimated state income tax benefit is \$15,000.00 over the same five years.

Mr. Tomanek then listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The project consists of purchasing and demolishing the existing building (former Dakota Twin Theater) and constructing a new, 3-story, 20,000 square foot office building. The proposed building would be approximately 36 feet in height with an overall tower height of 46 feet. The proposed exterior design elements include a stone-stepped base along the south-facing façade, reflective metal banding and reflective glass. Colored vertical panels would be stainless steel and the horizontal panels would be reflective metal panels, either blue or charcoal in color. The applicant has indicated that the final color of the panels has not been determined at this time. Metal banded sunscreen panels would extend from the building along the south and west-facing facades. The applicant has also proposed vertical identity panels that would extend from the building's surface and electronically display images. The color of the images would be red. Samples of the proposed materials have not been provided at this time.
3. The proposed project has been reviewed by the Downtown Design Review Committee to ensure the project meets or exceeds the regulations of the DC-Downtown Core zoning district. Based on the material and information provided, the Committee has determined

there are elements within the proposed project that would not satisfy the requirements or intent of the DC-Downtown Core district. The following items would need to be amended to conform with the standards of the DC-Downtown Core district:

- a) The proposed exterior building materials do not meet the requirements or intent of the ordinance; specifically the proposed non-transparent glass covers more than 40% of the building's exterior. The application submitted recognizes that 11% of the glass will be non-transparent.
  - b) Only one (1) electronic message center (identity panel) shall be allowed per property in the DC-Downtown Core District, provided it does not exceed 32 square feet. The use of streaming video or full-motion video on any electronic message center sign is prohibited. Electronic signs are subject to the requirements of Title 4. Please provide additional information pertaining to the proposed vertical identity panel.
  - c) The location of the proposed electronic identity panels may be a concern for traffic operations; in particular, the placement of any electronic message center may not interfere with traffic signals or vehicular operations.
  - d) Adequate landscaping elements have not been proposed; in particular, street trees would be required along Rosser Avenue and 4<sup>th</sup> Street. The ratio for street trees is three trees per 100 feet of street frontage. Final tree placements may depend on other streetscape elements.
4. The applicant anticipates beginning to demolish the existing building during the winter of 2010-2011 with new construction to commence during late spring of 2011.

Mr. Tomanek said based on the above findings, staff recommends approval of the purchase with new construction of a new building 401 North 4<sup>th</sup> Street by 613 Development Corporation as a Renaissance Zone project with 100% property tax exemption on the building and improvements for five years beginning with the date of completion, and an exemption from state tax on income derived from the business/investment location for five years beginning with the date of completion, with the following conditions: 1) the exterior design of the proposed building be modified to conform with the requirements of the DC-Downtown Core zoning district, in particular, the exterior of the building may not be covered by more than 40% non-transparent glass; 2) only one (1) electronic message center (identity panel) shall be allowed, provided it does not exceed 32 square feet in area; 3) appropriate landscaping and streetscape elements are included, reviewed and approved with the project. Street trees are required at the ratio of three (3) trees per 100 linear feet of street frontage; and 4) the above-mentioned conditions would be reviewed and approved by the Downtown Design Review Committee prior to obtaining a building permit for construction.

Loran Galpin presented his proposal of the planned building and his expectations for the project. Mr. Galpin stated the vertical identity panels would not be included in the project.

**MOTION:** Based on the findings included in the staff report, a motion was made by Mr. Huber and seconded by Ms. Smith to recommend approval of the request for the construction of a new building 401 North 4<sup>th</sup> Street by 613 Development Corporation as a Renaissance Zone project with 100% property tax exemption on the building and improvements for five years beginning with the date of

completion, and an exemption from state tax on income derived from the business/investment location for five years beginning with the date of completion, with the following conditions: 1) the exterior design of the proposed building be modified to conform with the requirements of the DC-Downtown Core zoning district, in particular, the exterior of the building may not be covered by more than 40% non-transparent glass; 2) appropriate landscaping and streetscape elements are included, reviewed and approved with the project. Street trees are required at the ratio of three (3) trees per 100 linear feet of street frontage; and 3) the above-mentioned conditions would be reviewed and approved by the Downtown Design Review Committee prior to obtaining a building permit for construction. Also, if there is a substantial change in materials, the project must be presented to the Renaissance Zone Authority for approval. The motion passed unanimously with members Blackstead, Huber, Smith, and Walth voting in favor.

## **RENAISSANCE ZONE STATE GUIDLINE CHANGES**

### **Public Utility Infrastructure**

Mr. Tomanek stated that in response to the desire to bury overhead utility lines, information was requested and received from MDU, Qwest and Midcontinent Communications. Previously, in 2006, the American Bank Center Renaissance Zone Project (Project 20-B) looked at the alley corridor to the west of the building. This area was again considered for the purposes of the undergrounding project. The following data was provided by the three aforementioned companies in response to the request. Each company cautioned that the numbers are purely estimates for the purpose of facilitating the discussion of exploring the option to include the undergrounding of overhead utilities as part of a Renaissance Zone project. Each company also cautioned that the downtown area is unique and any time a future project is considered the area would need to be explored thoroughly on a block-by-block basis.

- MDU - The estimate provided would be dependent on the ability to install a new structure on the south end of the block. The estimate ranges from \$115,000 to \$150,000.
- Qwest - \$20,000-\$25,000. Final estimates are provided by the Minneapolis office. The estimate was provided by a local field engineer. A more specific estimate would be offered in the event a project is pursued in the future.
- Midcontinent - \$73,000+. The project would need to begin along the north side of Thayer Ave and involve burying everything to Ave A. This will also include replacing several services to the buildings along the alley.
- Total - \$208,000 to \$248,000

After some discussion it was the general consensus of the Renaissance Zone Authority that in order to qualify for a Renaissance Zone project designation an applicant/property owner must also make capital improvements to the structure along with undergrounding utilities for a project. The requirement of 80% of the cost of improvements must be in the building and 20% of the project costs from the underground utility work.

**MOTION:** A motion was made by Mr. Walth and seconded by Mr. Huber to recommend approval of the public utility infrastructure policy for undergrounding utilities with the requirement that 80% of the value of the property be used towards capital improvements to the building and 20% of the building value can be used towards undergrounding utilities. The motion passed unanimously with members Blackstead, Huber, Smith and Walth voting in favor.

#### **STATUS OF APPROVED RENAISSANCE ZONE PROJECTS**

Mr. Tomanek said that Smith, Bakke, Porsborg, Schweigert and Armstrong and Jimmy John's projects have been closed out since the last Renaissance Zone Authority meeting.

#### **STATUS OF APPROVED CORE INCENTIVE PROJECTS**

Mr. Tomanek said that no CORE Incentive Program Projects have been closed out since the last Renaissance Zone Authority meeting.

#### **OTHER BUSINESS**

There was no other business.

#### **ADJOURNMENT**

There being no further business, Chair Blackstead adjourned the meeting of the Bismarck Renaissance Zone Authority at 4:26 p.m.

Respectfully Submitted,

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Kimberley Gaffrey  
Recording Secretary

APPROVED:

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David Blackstead  
Chair